

## GOOD MORNING: 05/23/17 Farm Direction - VanTrump Report

1 message

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Tue, May 23, 2017 at 7:29 AM



"We cannot change the cards we are dealt, just how we play the hand." — Randy Pausch

**TUESDAY, MAY 23, 2017**  
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**Morning Summary:** Stocks seem little moved this morning by the recent terrorist attack in Manchester following an Ariana Grande concert that left 22 dead and over 50 injured. In fact stocks are currently higher for a fourth session in a row. President Trump continues his overseas trip and seems to be sticking to his plan to "keep America first." Details of a slew of new business deals cut with Saudi Arabia have been announced, all of which could be worth as much as \$400 billion. He is now in Israel where he publicly pressed the country to negotiate a peace deal with Palestinians to bring greater stability to the region. Trump travels to Bethlehem to meet with President Mahmoud Abbas of the Palestinian Authority today. Trump's budget proposal is also starting to rollout, which reportedly has a lot of controversial budget cuts that are going to be heavily debated in the headlines ahead. From what I understand we should know a lot more today after the full budget is released and distributed to Capitol Hill lawmakers. Initial talk is -\$3.6 trillion in spending cuts over the next ten years. I heard the plan also calls for selling half of the nation's Strategic Petroleum Reserve and permitting drilling in the Alaska National Wildlife Refuge. Perhaps even more reason I should be a longer-term bear in the oil market. For what it's worth crude oil is trading up near \$51 per barrel, its highest level in about a month, as OPEC prepares to meet later this week and collectively extend their production cuts. Here at home oil rig counts continue to come back online as technology continues to drive breakeven prices lower and lower. Economic data today is fairly light but includes New Home Sales, the Richmond Fed Manufacturing Index and Flash PMI. Today's Fed Speakers are Minneapolis Fed President Neel Kashkari and Philadelphia Fed President Patrick Harker. Both central bankers also spoke yesterday, though they did not address Federal Reserve policy. Personally, I took a few profits off the board yesterday in the "tech space", fearing a possible rotation of money during the second-half of the year. I'm certainly not saying the top is in, I'm just a bit more concerned about a rotation that could have a negative impact on my portfolio. One somewhat strange reason I don't think the top is in place, is because I've never seen a market that would have allowed investors so much time to sell at or near the all-time high. Staying conservatively bullish but rethinking a few of my nearby positions...

**U.S.-Saudi Arabia In \$400 Billion In Deals:** Saudi Arabia signed billions of dollars of deals with U.S. companies during President Donald Trump's visit to Riyadh. Estimates of their total value vary from \$300 billion to close to \$400 billion. The deals ranged from everything from healthcare to defense and are proving to be a boost to U.S. companies poised to benefit from the Saudi's "Tremendous investments in the United States," as President Trump described the deals. The U.S. and Saudi Defense Ministry negotiated a package of about \$110 billion, including a \$28 billion agreement with Lockheed Martin Corp. U.S. energy companies announced potential deals with the Saudi Arabian Oil Company, known as Aramco, valued at around \$22 billion. Those include a \$3.6 billion agreement between the Saudi energy giant and Honeywell International Inc., and a separate \$2.8 billion deal with McDermott International Inc., both intended for unspecified goods and services. In turn, Motiva Enterprises LLC—a 600,000-barrels-a-day facility in Port Arthur, Texas, owned by Aramco—pledged investments in the U.S. worth \$12 billion by 2023. The statement added that a further \$18 billion investment was likely, and that the deal could create thousands of American jobs. (Source: New York Times, The Wall Street Journal)

**Record-Low Housing Inventory Is A Huge Concern:** The number of homes for sale in America has been falling steadily for the past year, but the situation is apparently getting much worse as spring demand heats up. Glenn Kelman, CEO of Seattle-based real estate firm Redfin says inventory levels are at historic lows. "It's never declined faster than it did last month. It's freaking us out." Kelman considers Redfin more as a technology company and touts his ability to track closely the more than 80 metropolitan markets it covers. He blames the lack of inventory on a new dynamic in housing - a rise in rental homes. He calls the trend



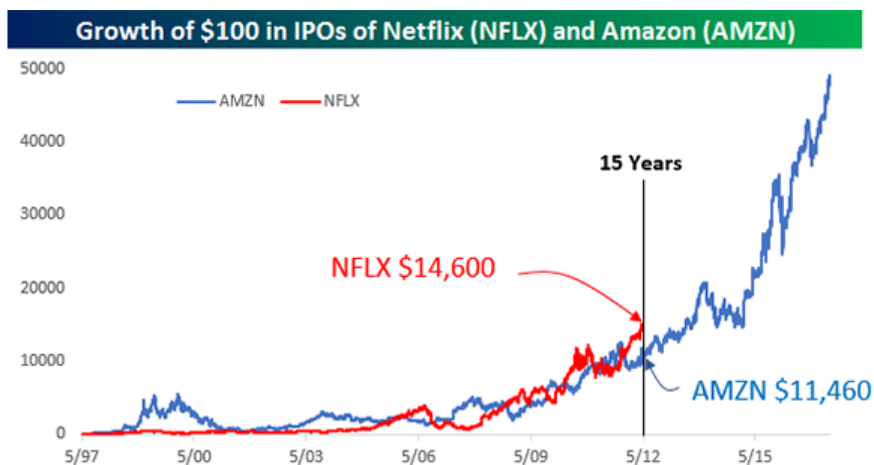
### Today In History



**1701, Captain Kidd** - At London's Execution Dock, British privateer William Kidd, popularly known as Captain Kidd, is hanged for piracy and murder. Born in Strathclyde, Scotland, Kidd established himself as a sea captain before settling in New York in 1690, where he bought property and married. At various times he was commissioned by New York and other American colonies to rid the coast of enemy privateers. In 1695, while on a trip to London, the recently appointed governor of New York commissioned him to defend English ships from pirates in the Red Sea. In 1696, Kidd sailed to New York aboard the Adventure Galley, enlisted men for the mission, and set sail for the Indian Ocean. The expedition met with little success and failed to capture a major prize until February 1698, when the Quedagh Merchant, an Indian vessel allegedly sailing under a French pass, was taken. Word of Kidd's capture of the boat, which was loaded with gold, jewels, silk, sugar, and guns, aroused significant controversy in Britain, as the ship had an English captain. Suspicions that he had turned to piracy were apparently confirmed when he sailed to St. Mary's, Madagascar, an infamous pirate haven. From there, he traveled to the West Indies on the Quedagh Merchant, where he learned of the piracy charges against him. Intending to clear his name, he sailed to New York and delivered himself to the colonial authorities, claiming that the vessels he had attacked were lawful prizes. He was arrested and taken to London, charged, found guilty and hanged for piracy and

the "new landlord nations." Instead of homeowners selling their existing home when they upgrade, they are holding onto them and renting them out. There is a distinct shortage of new single-family homes as well. Homebuilders are putting up -18% fewer homes than the 25-year average. Homes in April sold the fastest since Redfin began tracking the market in 2010. The typical home went under contract in just 40 days, 10 days faster than April 2016. As a result, 1 in 4 homes sold above their list price, which is the highest percentage Redfin has recorded. (Source: CNBC)

**Netflix Stock Has Outperformed Amazon:** When most investors think of the highest-flying tech names of all time, Amazon.com, Inc. likely comes to mind. But Netflix, Inc. has performed even better through its first decade and a half of trading. Researchers over at Bespoke recently put the massive gains in perspective: While the gains in AMZN seem like a once in a lifetime type move, shares of NFLX have actually had a bigger run in their first 15 years as a public company than AMZN. In the chart below, we have calculated the growth of \$100 invested in AMZN at the time of its IPO. We have also overlaid the performance of \$100 invested in NFLX since its IPO as if their IPOs were at the same time. What's incredible to note is that 15 years into the life of AMZN as a public company, \$100 invested in its IPO was worth \$11,460. If you had invested \$100 in NFLX at the time of its IPO, however, it would be worth \$14,600, or 27% more! (Source: Bespoke Investment Group)



**Weather** is focused on a continuation of below normal temperature and moderate to heavy rain in the Midwest. Heavy rain from last week and the weekend along with cool conditions continue to delay corn and soybean planting along with crop development in the Midwest. Soft red winter wheat is also having some stress and disease concern due to the wet pattern. On the southern Plains, wet conditions are unfavorable for wheat trying to recover from cold and snow back in late April. The wet pattern also increases disease pressure and decreases crop quality of maturing wheat. Producers are monitoring winter wheat and emerged summer crops in areas -- such as central and western Nebraska -- that experienced a weekend freeze. On May 14 -- a week before the freeze -- 32% of Nebraska's winter wheat had headed. Over the next several days, a series of disturbances will spin across the South and lower Midwest, maintaining cool, showery conditions. As a result, 5-day rainfall totals could reach 2 to 4 inches from coastal Texas to the southern Atlantic States and 1 to 2 inches from the central and eastern Corn Belt into the Northeast. In contrast, dry weather should prevail in the Pacific Coast States and the Desert Southwest, while only light showers will fall across the nation's mid-section. Warmth in the Far West will be replaced by cooler conditions late in the week, while unusually cool weather will slowly ease across the nation's mid-section.

**Rain Outlook This Week in the Midwest:** As you can see, this will be a week of rain and cooler temps, however, the rain is expected to be light across much of the nation's mid-section. Map below shows rainfall Tuesday May 23 through Sunday May 28.

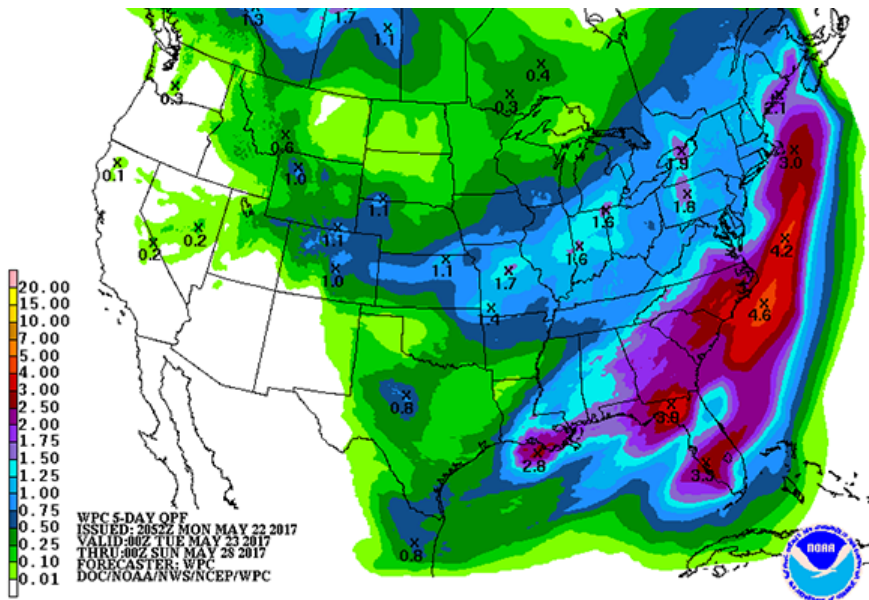
murder. In later years, a colorful legend grew up around the story of William Kidd, including reports of lost buried treasure that fortune seekers have pursued for centuries.



**1934, Bonnie & Clyde** - It was this day in 1934 that notorious criminals Bonnie Parker and Clyde Barrow are shot to death by Texas and Louisiana state police while driving a stolen car near Sailes, Louisiana. Beginning in early 1932, Parker and Barrow set off on a two-year crime spree, evading local police in rural Texas, Louisiana and New Mexico before drawing the attention of federal authorities at the Bureau of Investigation (as the FBI was then known). Though the couple was believed to have been responsible for 13 murders by the time they were killed, along with several bank robberies and burglaries, the only charge the Bureau could chase them on was a violation of the National Motor Vehicle Act, which gave federal agents the authority to pursue suspects accused of interstate transportation of a stolen automobile. The car in question was a Ford, stolen in Pawhuska, Oklahoma. Inside, agents discovered a prescription bottle later traced to the Texas home of Clyde Barrow's aunt. As authorities stepped up the pressure to catch the outlaw couple, the heavily armed Barrow and Parker were joined at various times by the convicted murderer Raymond Hamilton (whom they helped break out of jail in 1934), William Daniel Jones and Clyde's brother Ivan "Buck" Barrow and his wife, Blanche. In the spring of 1934, federal agents traced the Barrow-Parker gang to a remote county in southwest Louisiana, where the Methvin family was said to have been aiding and abetting the outlaws for over a year. Bonnie and Clyde, along with some of the Methvins, had staged a party at Black Lake, Louisiana, on the night of May 21. Two days later, just before dawn, a posse of police officers from Texas and Louisiana laid an ambush along the highway near Sailes, Louisiana. When Parker and Barrow appeared, going some 85 mph in another stolen Ford--a four-door 1934 Deluxe with a V-8 engine, the officers let loose with a hail of bullets, leaving the couple no chance of survival despite the small arsenal of weapons they had with them.



**1960 - Adolf Eichmann** - Israeli Prime Minister David Ben-Gurion announces to the world that Nazi war criminal Adolf Eichmann has been captured and will stand trial in Israel. Eichmann, the Nazi SS officer who organized Adolf Hitler's "final solution of the Jewish question," was seized by Israeli agents in Argentina on May 11 and smuggled to Israel nine days later. Eichmann was born in Solingen, Germany, in 1906. In November 1932, he joined the Nazi's elite SS (Schutzstaffel) organization, whose members came to have broad responsibilities in Nazi Germany, including policing, intelligence, and the enforcement of Adolf Hitler's anti-Semitic policies. Eichmann steadily rose in the SS hierarchy and with the German



Corn prices are talking a small step back after recently posting three week highs. The bulls continue to point to nearby weather hiccups in the way of too much moisture and temps that are well below normal. The concern is that lack of oxygen, shallow roots and fewer growing units will ultimately create a drag on longer-term yields. The market added a bit of "risk-premium" and has been trying to push through the recent high end of the range. As a producer I took advantage of the recent run higher and have fully reduced old-crop flat-price exposure and sold a few more new-crop bushels. I'm also keeping a very close eye on the DEC18 prices as they trade around \$4.10 per bushel. Not that I'm wildly bearish nearby, I just hate the thought of having downside risk and exposure on my plate for three crop years, i.e. last years bushels, this years bushels and next years bushels. I'm also a bit worried about the basis in old-crop. I fear if prices take off and rally, end users and buyers of corn will simply widen out the basis as many are flush with supply. I'm also a bit concerned about the longer-term demand headlines for new-crop prices. Demand has been extremely strong to this point and has helped keep us afloat as we've had to digest more than +2.0 billion bushels in ending stocks. My concern moving forward is that the demand headlines could start to cool. In the export world, the Argentine producers have very few place to go with their recently harvested corn and it will soon start pouring into the marketplace. Right behind that will be bushels pouring in from the record setting Brazilian crop. I'm also thinking corn for ethanol could start running into some headline risk as margins start to tighten and export demand becomes much more uncertain. In other words if the demand headlines cool off a bit, the trade will have to heavily rely exclusively on a bullish supply side story. It's early in the game and that could certainly materialize as heavy rains are causing complications, but I just don't want to bet the farm on a sub-160 yield, at least not at this juncture. I like to think of "mid-April to mid-August" as the main time period for a U.S. weather market. If that's the case, we are now into the second quarter of play and quickly approaching half-time without having much of lead. In fact I'm not sure the bulls have much of a lead at all. The bears are quick to point to the fact soil moistures have clearly been recharged and temps in the extend forecast look to be near normal, perhaps a bit cooler to the west and a hair warmer to the east. The U.S. crop is now 84% planted which is just -1% behind out traditional pace. In fact only three states Colorado, Kansas and Pennsylvania are reporting they are behind by double digits. On the flip side, the big production states are all very close to on schedule. Hence I just don't see the USDA making a huge reduction to their U.S. yield estimate, at least not yet. There are a couple of more rains in the forecast, but if it starts to dry out and warm up, the crop could quickly start to look better and the trade could jump back on the bearish bandwagon. Bottom-line, I can certainly understand the arguments and reason to be bullish, but I've reminded myself constantly that I have to focus on "managing my risk" rather than trying to predict the price. Remember, the old-crop JUL17 contract hasn't traded back above \$4.00 since last-June. That's also the last time new-crop DEC17 traded above \$4.05 per bushel.

- Michigan planted 37% last week, now at 67% planted, -4% behind.
- North Dakota planted 24%, now at 82% planted, +9% ahead.
- Ohio planted 24%, now at 73% planted, on schedule.
- Pennsylvania planted 24%, now at 59% planted, -10% behind.
- Indiana planted 20%, now at 76% planted, -2% behind.
- Wisconsin planted 17%, now at 65% planted, -7% behind.
- Colorado planted 16%, now at 69% planted, -17% behind.
- Kentucky planted 15%, now at 83% planted, +1% ahead.
- Illinois planted 14%, now at 89% planted, -1% behind.
- South Dakota planted 11%, now at 88% planted, +4% ahead.
- Kansas planted 10%, now at 70% planted, -16% behind.
- Minnesota planted 10%, now at 94% planted, +8% ahead.
- Nebraska planted 9%, now at 87% planted, -4% behind.
- Iowa planted 7%, now at 92% planted, -2% behind.
- Texas planted 7%, now at 97% planted, +1% ahead.

the SS hierarchy, and then the German annexation of Austria in 1938, he was sent to Vienna with the mission of ridding the city of Jews. He set up an efficient Jewish deportment center and in 1939 was sent to Prague on a similar mission. That year, Eichmann was appointed to the Jewish section of the SS central security office in Berlin. In January 1942, Eichmann met with top Nazi officials at the Wannsee Conference near Berlin for the purpose of planning a "final solution of the Jewish question," as Nazi leader Hermann Goring put it. The Nazis decided to exterminate Europe's Jewish population. Eichmann was appointed to coordinate the identification, assembly, and transportation of millions of Jews from occupied Europe to the Nazi death camps, where Jews were gassed or worked to death. He carried this duty out with horrifying efficiency, and between three to four million Jews perished in the extermination camps before the end of World War II. Following the war, Eichmann was captured by U.S. troops, but he escaped the prison camp in 1946 before having to face the Nuremberg International War Crimes Tribunal. Eichmann traveled under an assumed identity between Europe and the Middle East and in 1950 arrived in Argentina, which maintained lax immigration policies and was a safe haven for many Nazi war criminals. In May 1960, Argentina was celebrating the 150th anniversary of its revolution against Spain, and many tourists were traveling to Argentina from abroad to attend the festivities. The Mossad used the opportunity to smuggle more agents into the country. Israel, knowing that Argentina might never extradite Eichmann for trial, had decided to abduct him and take him to Israel illegally. On May 11, Mossad operatives descended on Garibaldi Street in San Fernando and snatched Eichmann away as he was walking from the bus to his home. On April 11, 1961, Eichmann's trial began in Jerusalem. It was the first trial to be televised in history. Eichmann faced 15 charges, including crimes against humanity, crimes against the Jewish people, and war crimes. He claimed he was just following orders, but the judges disagreed, finding him guilty on all counts on December 15 and sentencing him to die. On May 31, 1962, he was hanged near Tel Aviv.

#### Upcoming Events

**Mon. 5/22** - Cold Storage

**Wed. 5/24** - Minutes From 5/3 FOMC Meeting Released

**Fri. 5/26** - Cattle on Feed

**Mon. 5/29** - Memorial Day - Markets Closed

**Fri. 6/9** - USDA Supply and Demand

**Tues.-Wed. 6/13-14** - FOMC Meeting

**Thurs. 6/22** - Cold Storage

**Fri. 6/23** - Cattle on Feed

**Fri. 6/29** - Quarterly Hogs and Pigs



- Texas planted 1/10, now at 67/100 planted, 11/100 ahead.

## 05/21/17



**Soybean** bears are talking about record planted U.S. acres and a crop that is right on schedule at 53% planted vs. 52% historically. As a whole the U.S. planted 21% of its soybean crop last week and seems to be in little danger of leaving any significant amount of acres unplanted. The bears are also talking about Brazilian politics being in complete disarray. And the very real possibility that their currency could continue to deteriorate, providing further incentive for both the Brazilian exporter and producer. Global demand remains strong, but the market is having a tough time rallying north of the most recent highs as South American crop risk has been removed and the U.S. producer look as if they are certainly going to plant a new record number of acres close to 90 million in size. If new-crop prices can work back towards the high end of the recent range near \$9.80 per bushel I might look to make some marketing adjustments, otherwise I like the thought of keeping current hedges in place to the downside. U.S. weather, politics in Brazil and demand out of China remain the current key marketing driving forces.

- North Dakota planted 28%, now at 57% planted, +8% ahead.
- South Dakota planted 27%, now at 56% planted, +6% ahead.
- Michigan planted 26%, now at 37% planted, -10% behind.
- Illinois planted 25%, now at 48% planted, -4% behind.
- Minnesota planted 25%, now at 72% planted, +10% ahead.
- Indiana planted 24%, now at 47% planted, -3% behind.
- Ohio planted 24%, now at 43% planted, -4% behind.
- Iowa planted 22%, now at 62% planted, +2% ahead.
- Missouri planted 18%, now at 42% planted, +4% ahead.
- North Carolina planted 17%, now at 36% planted, +4% ahead.
- Tennessee planted 17%, now at 36% planted, -2% behind.
- Kentucky planted 16%, now at 34% planted, +5% ahead.
- Nebraska planted 15%, now at 52% planted, -9% behind.
- Wisconsin planted 14%, now at 29% planted, -14% behind.
- Arkansas planted 12%, now at 74% planted, +14 ahead.
- Kansas planted 11%, now at 27% planted, -7% behind.
- Louisiana planted 5%, now at 91% planted, +11% ahead.
- Mississippi planted 5%, now at 86% planted, +8% ahead.

**Fri. 6/30** - Quarterly Stocks and Acreage

**Tues. 7/4** - Independence Day - Markets Closed

**Wed. 7/5** - Minutes From 6/14 FOMC Meeting Released

**Wed. 7/12 - USDA Supply and Demand**

**Fri. 7/21** - Cattle on Feed

**Mon. 7/24 - Cold Storage**

**Tues.-Wed. 7/25-26 - FOMC Meeting**

**Fri. 8/10 - USDA Supply and Demand**

**Wed. 8/16** - Minutes From 7/26 FOMC Meeting

**Tues. 8/22** - Cold Storage

**Fri. 8/25 - Cattle on Feed**

### Chart Of The Week



## July Corn

The pennant broke on Monday with a close above 3.74. There is now another level of resistance around 3.80 where the market has seen heavy farmer selling the last three months. Momentum is flat.

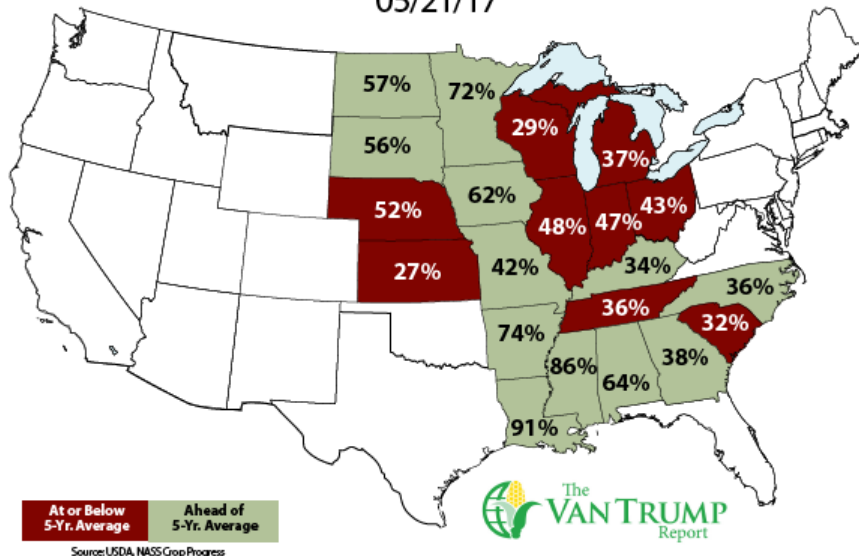
[Enlarge July Corn Chart »](#)

Need more help with the "Technical" side of the market? I personally like to use Tom Dosdall at Technical Ag Knowledge. [Click here](#) for a complimentary subscription courtesy of The Van Trump Report.

## Outside Markets

## Soybean Planted

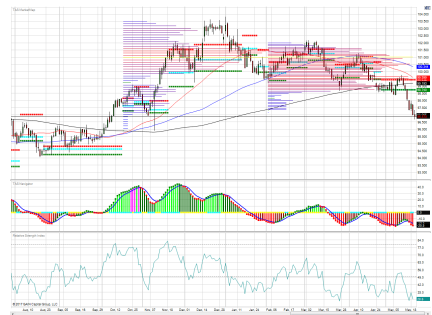
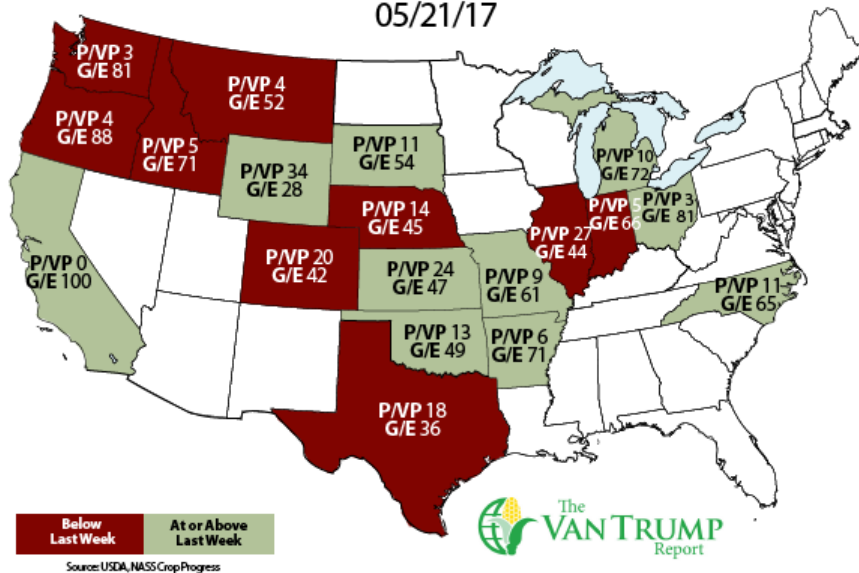
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**Wheat** bears are happy to see U.S. winter crops stabilize as the latest weekly USDA data shows "good-to-excellent" conditions actually improving from 51% to 52%. Bulls however are countering by pointing to a noticeably weaker U.S. dollar and funds perhaps seeking a bit more interest in commodities as an asset class. The bulls are also thinking the USDA's current crop production estimate and acreage totals currently being a bit too optimistic, especially as "quality" becomes a much more talked about subject. Despite the obvious bearish global "supply and demand" fundamentals, I find myself more in agreement with the bulls, thinking prices could eventually push higher.

## Winter Wheat Conditions

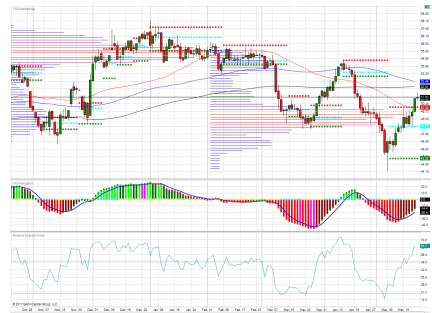
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### US Dollar Index

If November lows near 96.940 give out the next target down could be 94.241.

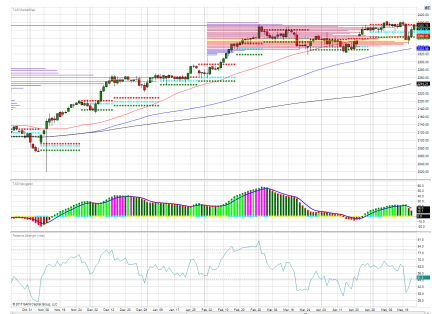
[Enlarge US Dollar Index Chart »](#)



### Crude Oil

The push through the supply level and 50 day moving average (50.03) Friday tilts the bias more bullish. There is a volume at price gap up to the consolidation of 100 and 200 day SMA's near 52.25.

[Enlarge Crude Oil Chart »](#)



### E-Mini S&P Index

The market is back within a neutral/sideways trading range between 2366.00 and 2395.00. A close above or below either of these markers could be key for short term price direction.

[Enlarge E-Mini S&P Index Chart »](#)



> **Possible Ag Budget Cuts:** The White House budget on Monday proposed -\$46.5 billion in cuts to federal government funding for the ag sector over the next 10 years; The biggest cuts would supposedly come in the form of a -\$38 billion bite out of farm supports, including new limits on federal subsidies for crop insurance premiums and caps for commodity payments.

> **CHS Names New CEO:** CHS Inc, the biggest U.S. agricultural cooperative, named a new chief executive on Monday, after suffering a sharp decline in income and confirming it was a creditor of a failing Brazilian commodities trader, Minnesota based

Kevin's Song of the Week

continuing it was a creator of a failing Brazilian commodities trader. Minnesota-based CHS picked Jay Debertin to take over immediately for Carl Casale, who had been CEO for six years. (Source: Tom Polansek, Reuters)

**> Meat Supplies Below Last Year Levels:** USDA's latest Cold Storage shows total red meat supplies in freezers were up +4% as of April 30, which is up +4% from the previous month but down -4% from last year. Total beef stockpiles were down -1% from March and down -2% from last year. Frozen pork supplies were up +9% from the previous month but down -6% from last year. Stocks of pork bellies were up +66% from last month but -53% from last year. Total frozen poultry supplies on April 30, 2017 were up +7% from the previous month and up +5% from a year ago. Total stocks of chicken were up +4% from the previous month but down -1% from last year. Total pounds of turkey in freezers were up +11% from last month and up +20% from April 30, 2016.

**> EU Crops Get Another Downgrade:** The European Commission's Mars agricultural research unit cut its EU yield forecasts for a range of crops, warning that over the past month "negative weather conditions hampered winter crop growth and development in several regions". In France, the EU's top wheat growing country, "conditions for winter cereals deteriorated substantially since mid-April," Mars said, noting that "no substantial rainfall was observed during the entire month" and warned the crops are "unlikely" to recover from the water damage. Mars cut its forecast for the French soft wheat yield by 0.50 tonnes per hectare to 6.77 tonnes per hectare – a result which would be above last year's weather-devastated result, but below nonetheless, the five-year average. Mars also said that weather had not been universally negative for EU farmers over the past month, and raised for instance its forecast for UK barley and wheat yields – by 0.14 tonnes per hectare to 6.37 tonnes per hectare, and by 0.09 tonnes per hectare to 8.16 tonnes per hectare respectively. In both cases the revisions were sufficient to upgrade UK crop prospects to "higher than average", from "average". (Source: Agrimoney)

**> China Adding Import Duties On Sugar:** China said on Monday it will impose hefty penalties on sugar imports after lobbying by domestic mills, but experts said the ruling may not go far enough to stem the flow of lower-priced sweetener into the world's top importer. The ruling, which will affect about a third of China's annual sugar imports, introduces an extra tariff on shipments over a three-year period, which will fall slightly each year. (Source: Reuters)

**> Ukraine Sets New Grain Export Record:** A new record was registered in Ukraine as of May 17, 2017: the country had exported 39.14 million metric tons of grains this marketing year, or 120,00 metric tons more than for the whole of 2015/2016, the Ag Ministry's press service report. A bulk of the achievement was accomplished with expanded barley exports, which totaled 5.14 million metric tons against 4.4 million last season.

**> Russia, Turkey Sign Memorandum Lifting Trade Restrictions:** Turkey and Russia signed a memorandum on lifting trade restrictions against each other, Turkish presidential sources said on Monday, after Ankara and Moscow agreed at a meeting this month to settle trade disputes. A diplomatic crisis after Turkey shot down a Russian air force jet in 2015 near the Turkish-Syrian border prompted trade sanctions. Although relations have normalised since, some of the trade restrictions have remained in place. The dispute brought Russia's grain supplies to Turkey to a virtual standstill. Turkey is the largest Russian wheat importer after Egypt and Russian wheat is one of the most important sources of supply for Turkish flour millers. (Source: Reuters)

**> China Closes Poultry Markets Amid New Bird Flu Outbreaks:** China will shut poultry markets in certain districts of two cities after H7N9 bird flu infections were detected, state media reported on Sunday, the latest incidents in this year's more severe outbreak of the virus. A 44-year-old man who sold poultry at a farmers market in southwestern Sichuan province's Zigong city was diagnosed with H7N9, China News Service reported. Local authorities announced a one-month halt to poultry markets in the city's Ziliujing district from midnight on Monday. (Source: Reuters)

**> U.S. and India Set For Another Face-Off At WTO:** India and the US are heading for another face-off at the World Trade Organization (WTO). The WTO agreed to establish a panel to determine whether India complied with the multilateral body's ruling on a poultry case in 2015 that went in favor of the US. India's first request for a panel was blocked by the US at a meeting of the DSB on April 19, prompting India to submit its second request. The US had said it saw no valid legal basis for India's assertion of compliance and that inconsistencies found by the WTO in its original rules remain. India, on Monday, told the DSB that a series of measures adopted between mid-2016 and February 2017 brought it in line with the WTO's ruling. Concerns were also raised by India about the US decision to seek WTO authorization to retaliate against India for not complying with the ruling without first seeking a compliance panel review of India's implementation efforts. The US said India continued to maintain a complete ban on US poultry products and that it regretted India was focusing on litigation rather than achieving compliance.

**> Bunge, ARASCO To Jointly Bid For Saudi State Grains Agency:** U.S. agricultural trader Bunge is looking to bid for the Saudi state grain company's milling operations, sources said, the second global commodities company to show interest in the privatization of the kingdom's sole wheat and barley buyer. A memorandum of understanding was signed by Bunge and Arabian Agricultural Services Company (ARASCO), a privately-owned Saudi firm, sources with direct knowledge of the matter told Reuters on Monday. Sources had told Reuters in March that a partnership of U.S.

## WHAT I'M LISTENING TO: ▶



### About the Report

## NEXT level THINKING

My goal at "The Van Trump Report" is to help readers better identify the moving parts and dynamics associated with the financial markets, geopolitical events, economics, media and culture that is currently influencing and shaping the direction of the agricultural markets. I like to believe I "Challenge the Traditional" and encourage our readers to think outside the box.

I use story telling techniques that are written in an easy to read format to help convey my current thoughts about business, markets, technology, weather, sports and life. I also like to include links, filter the noise, and pass along in-depth research and information that I believe could challenge your current thought process and help you make more informed decisions. In addition I include valuable lessons I have learned from other traders, executives and investors, along with an occasional inspirational piece about life, family and faith.

What I do not do in "The Van Trump Report" is give specific financial advice or tell individuals how to invest or how to specifically hedge. Remember, this information is being read by hedge fund managers, bankers, CEO's, and Ag leaders around the globe, therefore it's NOT tailored to fit your specific individual needs. For specific investment or hedging advice please seek the help of a licensed representative that can better understand your particular situation, individual needs and overall risk tolerance. This information should ONLY be used for educational and entertainment purposes.

My family and I would like to thank you again for your support!

Kevin Van Trump

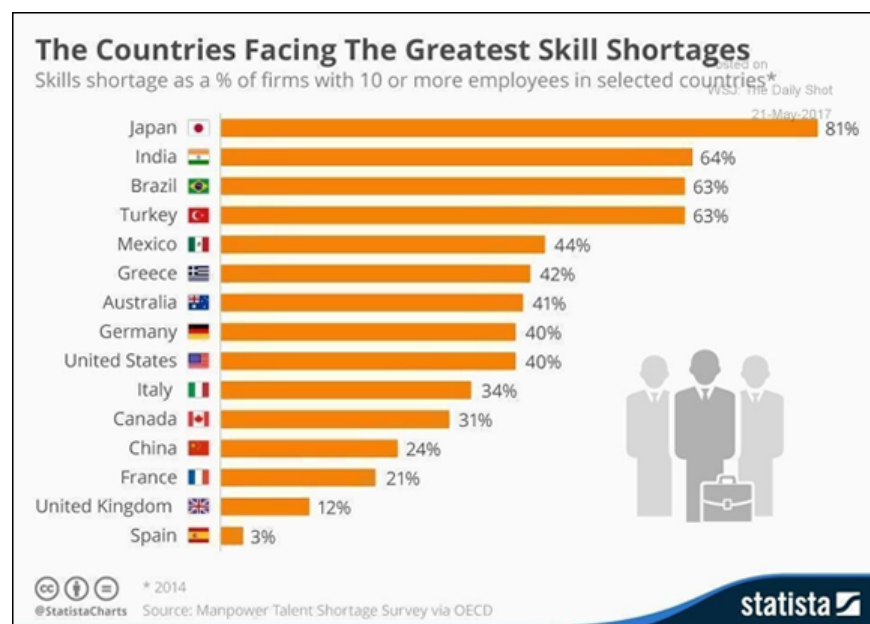
### What Others Are Saying

"I am a recent subscriber to Kevin's newsletter, but I'm a long-time reader of many other high-profile marketing services. I am particularly impressed with the thorough manner in which Kevin evaluates every economic aspect, both nationally and internationally, that influences commodity prices. His analysis and conclusions are highly thought out and conveyed in layman's terms so that the reader can comprehend the numerous and often complex interrelationships that impact the markets. Kevin is a real attribute to the agricultural sector."



agribusiness giant Archer Daniels Midland Co and Saudi foods group Almarai were also interested in bidding for SAGO's milling operations. Saudi Arabia is selling off parts of several state bodies to generate revenue to help deal with lower oil prices and diversify its economy under its "Vision 2030" reform plan. No details of the likely price of the milling operations have emerged and it is hard to put a precise figure on it as SAGO had never been run for profit.

**> Countries Facing The Greatest Skills Shortages:** Rapid technological advances and the digitization of the workplace are making it harder for workers to match their skill sets with the needs of employers. The scale of the problem varies from country to country, but is particularly bad in Japan, where 81% of firms (with 10 or more employees) have difficulty finding qualified employees, according to recent data from the OECD. Meanwhile, 45% of workers surveyed by the OECD believe that they lack the appropriate skill sets to do their jobs effectively. This was highlighted as a major issue in Mexico, Japan and Korea. And just three in 10 workers believe that they have the right skills to be able to cope with more demanding work. With the arrival of the Fourth Industrial Revolution, or fast-paced digital progress, technology is transforming the way we work – and workers' skills will need to keep pace with these changes. As computers get smarter and more capable of doing tasks previously done by humans, employees will need to develop skills that give them the edge over machines, such as critical thinking and creativity. To help tackle the skills shortage and equip workers for technological change, the report urges business leaders and governments to take a proactive approach to developing the skills of the future workforce. (Source: World Economic Forum; Image: Statista)



"As a national federal farm policy administrator and commodity producer, I find it critical to keep updated with what is going on in the real world of agriculture and with the domestic and global markets. Of all the services I've have been privy to or have subscribed to over the past 20 years I've found in the past several months of engaging in your "Farm Direction" services to be the best perception and analysis of what is really happening in today's world. Not only here in the United States, but across the globe as well. US farmers need this type of help and information to assist them in their daily efforts. I commend you for a job well done. Please let me know if I can ever be of any help or assistance to you in the future..."

**L.T., Assistant Deputy Administrator for Farm Programs USDA**

[More Testimonials](#)

### My Own Personal Truisms

"Not To Trade, is often considered a good trading decision..."

"First Rule of HOLES: When you are in one stop digging..."

"Every looser in Vegas, always walks away from the table thinking he could have done better, the winners on the other hand leave while on top..."

"Bulls make money, Bears make money, but pigs get slaughtered..."

"The markets ability to remain irrational can often times last much longer than your ability to remain solvent..."

I'm more of a long-term player, therefore you will not see me give many short-term suggestions or trade ideas. One of my most important rules is that I always follow my long-term direction. Therefore, as long as I am "bullish" a market I will only play that particular market in one of three ways.

- Option #1 - Conservatively long.
- Option #2 - Aggressively long.
- Option #3 - Sitting on the sideline.

I never initiate a "short" position in a market that I am "bullish" longer-term, nor do I initiate a "long" position in a market I am "bearish" longer-term.



**Central Minnesota** - We have not finished up planting yet. The early spring weather of cold temps and too much rain has kept us out of the field. It has rained the last two days and we got another 3" of rain last night. We were working on getting the beans done when we got stopped when the rains came. We only have a few more days left of planting so would like to get finished. All of our corn is in. The corn went in pretty good, a little wet and the temperatures were a little colder than I like. The moisture has definitely slowed us down but the soil moisture levels are very good. A lot of the corn is emerging and the stand looks good where up. The weather guys are calling for more rain this weekend but I don't think it should be heavy enough to really hurt us. After we get the spraying done we will get started on the edible beans. The edible beans usually are a couple of weeks behind the soybean planting.

**Central Kansas** - After being dry for most of the winter and early spring we have been extremely wet over the past few weeks. We were lucky last night that we missed some of the extreme weather that brought a few tornadoes. We grow corn, beans and wheat, feeding a good portion of milo we grow. All of the corn is in the ground with good subsurface and topsoil moisture. We suffered last year through some hot months that really hurt our corn crop. We are surrounded by conservation land so you have to be pretty timely on our harvest or the geese will destroy everything. We were lucky and didn't get any of the snow that hurt some of the wheat in Kansas. We are planting beans now. The bean crop last year made the best yields we have ever seen with the

late rains helping finish the crop. The wheat will just be average this year. Most of our winter wheat gets planted behind the soybeans and didn't come up until this spring. It will still make something but the yields will be way off.

**Eastern North Dakota** - We are finally planting beans after thinking that things were looking pretty grim. We missed some rains early on that allowed some good planting windows to get the corn and wheat in. We should finish beans by the end of the week then there is a chance for showers over the weekend which would be about perfect. The spring wheat is up and I am thinking that we have a pretty good stand. The corn is just starting to spike through. Normally, it will take 7 to 10 days for corn to emerge and sometimes up to two weeks. It has been fairly cool around here with temperatures in the 45 to 50-degree range while the winds have been very strong. The planting season this year has been a challenge with the start and stopping and moving from different fields. Last year we were in the field early and really weren't rushed at all. We will be spraying over the next week or so, we will probably start with pre-emerge on the corn. We have been tweaking our seed populations the past couple of years to maximize the stand and minimize seed costs. I think that it has helped and we will keep adjusting until we feel we have reached the optimal number.

## CROSSING WIRES

A place to share intelligent thoughts...

**Heavy Rains Are Turning U.S. Corn Fields Into Lakes:** Some Nebraska corn fields are so flooded that farmers are posting videos of themselves wakeboarding. The image is amusing, but the realities of the heavy spring downpours are pummeling U.S. grain farmers with soggy fields and threats of crop disease. In the past 30 days, about 40 percent of the Midwest got twice the amount of normal rainfall, with soils saturated from Arkansas to Ohio, according to MDA Weather Services. While spring showers usually benefit crops, the precipitation has come fast enough to flood some corn and rice fields and trigger quality concerns about maturing wheat. Read more at [Bloomberg's article](#) by Megan Durisin, Jeff Wilson and Brian K. Sullivan.

**Fighting Rural Poverty Like Ike:** Once upon a time, poverty became something of a national campaign issue. No, it wasn't during the 1960s, although you get partial credit for that answer. It was during the 1950s. The Republican Eisenhower Administration, facing a noticeable challenge from Democrats in 1954, put poverty on its agenda, especially rural development, to broaden income opportunities for poor, small farmers. The bipartisan congressional farm bloc was not particularly happy with the idea, but assented to a limited pilot program led by Cooperative Extension in a number of counties across the country. Eisenhower, himself a farmer, was, by some accounts, not all that keen on the project. But he was pragmatic enough to recognize a political liability and empathetic enough to take the word of his advisors and step toward rural development, even if limited to helping poor farm families. Read more from [Daily Yonder](#).

**How Tales of 'Flippers' Led to a Housing Bubble:** There is still no consensus on why the last housing boom and bust happened. That is troubling, because that violent housing cycle helped to produce the Great Recession and financial crisis of 2007 to 2009. We need to understand it all if we are going to be able to avoid ordeals like that in the future. Consider the data for a moment. It shows us that extreme changes took place but doesn't tell us why. Real home prices rose 75 percent from February 1997 to December 2005, according to the S&P/Case-Shiller National Home Price Index, corrected for inflation by the Consumer Price Index. And then, from 2005 to 2012, real prices reversed course, falling to just 12 percent above their 1997 level. In the years since 2012, they have climbed 29 percent, about halfway back to their 2005 peak. This is a roller coaster in national home prices — it has been even scarier in some more volatile cities — yet we have no clarity on why it happened. Read more [HERE](#).

**A New 3-D Map Of The Universe:** Quasars are beacons of light powered by supermassive black holes at their center, making them easy to spot, even at the furthest reaches of the universe. By tracking these objects with the Sloan Digital Sky Survey, a team of researchers was able to create the largest 3D map of the universe yet. Once combined into a map, the team was able to detect the universe at just 380,000 years old, a period when something shifted and sound waves were frozen in time. These frozen waves are left imprinted in the three-dimensional structure of the present-day universe, acting as the perfect point of reference for the distance of all quasars. This rule of measurement is known as the baryon acoustic oscillations (BAO) scale. Read more [HERE](#).

**The Greatest Show On Earth Is Over After 146 Years:** America's most celebrated circus Ringling Bros and Barnum & Bailey Circus has staged its final performance in New York. The final performance of what the company described as "the greatest show on earth" was streamed live online. Until Sunday, the company's train was the primary residence for most of the performers, who hail from 13 different countries. Read more [HERE](#).

**China's Epic Race to Avoid a Food Crisis:** China's 1.4 billion people are building up an appetite that is changing the way the world grows and sells food. The Chinese diet is





becoming more like that of the average American, forcing companies to scour the planet for everything from bacon to bananas. But China's efforts to buy or lease agricultural land in developing nations show that building farms and ranches abroad won't be enough. Ballooning populations in Asia, Africa and South America will add another 2 billion people within a generation and they too will need more food. That leaves China with a stark ultimatum: If it is to have enough affordable food for its population in the second half of this century, it will need to make sure the world grows food for 9 billion people. Read more [HERE](#).

**Your Camera Wants To Kill The Keyboard:** SnapChat knew it from the start, but in recent months Google and Facebook have all but confirmed it: The keyboard, slowly but surely, is fading into obscurity. Last week at Google's annual developer conference, the company presented its vision for how it expects its users—more than a billion people—to interact with technology in the coming years. And for the most part, it didn't involve typing into a search box. Instead, Google's brass spent its time onstage touting the company's speech recognition skills and showing off Google Lens, a new computer vision technology that essentially turns your phone's camera into a search engine. You Can Read More at [WIRED](#)



### The Greatest Thing Since Sliced Wood

Cross laminated timber, or what many call CLT, is being touted as one of our most recent revolutionary and environmentally friendly building materials. From what I understand it could be a game changing economic factor for a timber industry that began to decline three decades ago. Because of its high strength, CLT is an advantageous alternative to traditional building materials such as concrete, masonry, and steel. Because CLT panels resist compression, they are well-suited for building multistory structures, especially mid-rise buildings, perfect for structures up to 12-stories high. This revolutionary product is made from about any kind of wood, so long as it can be dried in a kiln. Once its dried, the boards are stacked in alternating directions at 90 degree angles, glued and dried, pressed to form solid panels. CLT has exceptional strength and stability and can be used as walls, roofs, and floors. Additionally, CLT is highly resilient to fire, earthquakes and even explosions. In fact, in a recent series of live blast tests (see the videos [HERE](#)), CLT passed with flying colors. An examination of the results showed that the CLT structures suffered less damage than expected and might even outlast concrete and steel in the same test. Another question regularly being asked has to do with fire, but all of the studies show CLT is like using a large log to start a campfire -- it doesn't ignite easily. And when it does burn, a char layer forms on the outside, protecting the inside and allowing the wood panel to maintain its structural integrity during fire scenarios. Researchers have conducted extensive seismic testing on CLT and found that the panels perform exceptionally well in multi-story applications. When a seven-story CLT building was tested on the world's largest shake table in Japan, it survived 14 consecutive earthquake simulations with almost no damage. What's really interesting is the fact that the material for CLT provides a market for the hazardous fuels in our overstocked forests, including beetle and drought killed trees. Removing these dead fuels form the forest to use as building materials helps reduce the damage posed by forest fires. The Austrians and Germans developed CLT in the early 1990s. It was met with mild interest at best, but as green building initiatives gained popularity, so has CLT. It gained momentum in Europe, then began to see more use in Australia and eventually Canada. Somewhat surprisingly it has yet to really catch on here in the U.S.. The U.S. Forest Service is hoping to change all of that and is now playing a lead role in researching and bringing CLT building technology to the United States. One project that is gaining in popularity and could put CLT on the map here in the U.S. is the 95 foot eight story Carbon12 building in

CLT on the map here in the city is the 35 foot, eight story, commercial building in Portland, Oregon. It is the tallest wood building in the U.S. and is structurally made of CLT and a steel core. You can see the wood skyscraper below. It's scheduled to be completed late this year. Again, CLT is a promising alternative to more traditional steel and concrete and will likely be coming to a city or urban area near you in the not so distant future. (Source: [USDA](#))

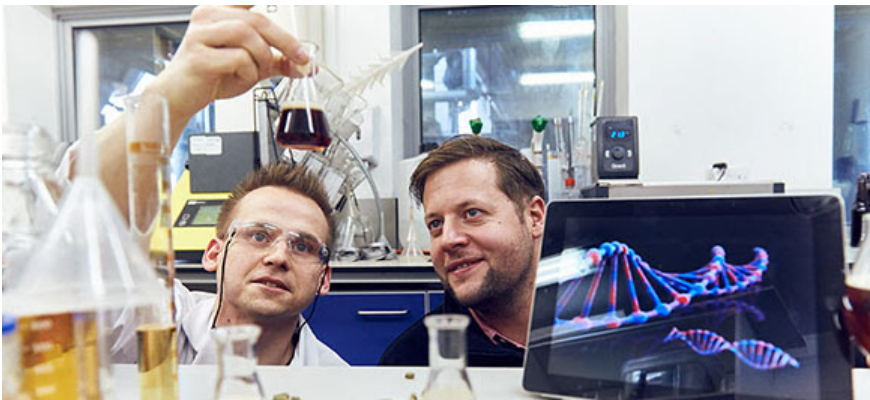




### **Brewery Uses Your DNA To Create The Perfect Beer**

If you consider yourself a tough customer when it comes to beer, a brewery in the UK might now have the ultimate craft recipe for you. The Meantime Brewing Company will create a custom brew personalized to your taste preferences, which they determine by analyzing an individual's DNA. The brewery has partnered with [23andMe](#), a personal genomics and biotechnology company. Using a sample of a person's spit, the company will assess hereditary variations in the oral taste receptors - the TAS2R38 gene - to reveal genetic variants that are believed to explain personal flavor preferences. The idea was sparked when brewmaster Ciaran Giblin obtained his own DNA blueprint from 23andMe. His results indicated a preference for bitter flavors, specifically the kind that are found in coffee or Brussels sprouts. Giblin proceeded to create the world's very first DNA-dictated beer, which was named Double Helix. It is a super bitter IPA that proved to be extremely popular. The brewery decided to take the experiment to the next level and launched "Meantime Bespoke", which will create the ultimate personalized beer for anyone. Before you get too excited, the custom brew comes with a hefty price tag of about \$31,000! It is literally a truckload of beer though, approximately 21,000 pints. Customers can also add other customized extras like pint glasses molded to the shape of their hand and a custom-designed label for their personalized beer. Customers are also invited to the brewery for a one-on-one consultation with Giblin. They get to taste the final product before taking delivery to confirm they are happy with the results. The "investment" also includes a study course called 'The Knowledge', which gives beer lovers the chance to get a deeper meaning of the brewing process. For customers that want to spend even more, they can have kegs of it delivered to their favorite bar and share it with everyone! The big question of course is whether the taste profile is really accurate? According to 23andMe, scientists aren't yet sure how much of our taste preferences are genetic, "but estimates are generally around 50 per cent." Asked why customers couldn't just express a preference for what they already know they like, Meantime marketing director Richard Myers explains, "It is true that someone could just tell us whether they like sweet or bitter flavors, however we are interested in how much they really like them. For example, from the test we now understand that Ciaran (our brewmaster and first to try the concept) has an 80 per cent tolerance to bitter flavors. Far higher than he actually thought he would." If you are interested in learning more about the Meantime Bespoke project, check out their website [HERE](#). (Source: Daily Mail, Paste)





### The Story Of Kyle

I ran across this e-mail and wanted to do my part by passing it along. With teen depression and suicide dramatically on the rise we need to heed the warning signs as our youth move through graduations and into more heavy uncertainty. Some studies show major depression amongst those age 12 to 20 has increased by 30-40% since 2000. The non-stop use and addiction to social media, texting and the mobile phone is thought to have a major hand in the spike. We also have a lot more kids on some type of med for ADD or ADHD. (Read more at [Time Health](#))

*One day, when I was a freshman in high school, I saw a kid from my class walking home from school. His name was Kyle. It looked like he was carrying all of his books. I thought to myself, "Why would anyone bring home all his books on Friday? He must really be a nerd."*



*I had quiet a weekend planned (parties and a football game with my friends tomorrow afternoon), so I shrugged my shoulders and went on. As I was walking, I saw a bunch of kids running toward him. They ran at him, knocking all his books out of his arms and tripping him so he landed in the dirt. His glasses went flying, and I saw them land in the grass about ten feet from him. He looked up, and I saw this terrible sadness in his eyes.*

*My heart went out to him. So I jogged over to him, and as he crawled around looking for his glasses, I saw a tear in his eye. As I handed him his glasses, I said, "those guys are jerks. They really should get lives." He looked at me and said, "Hey thanks!" There was a big smile on his face. It was one of those smiles that showed real gratitude.*

*I helped him pick up his books and asked him where he lived. As it turned out, he lived near me, so I asked him why I had never seen him before. He said he had gone to private school before now. I would have never hung*

out with a private school kid before, but we talked all the way home, and I carried his books.

He turned out to be a pretty cool kid. I asked him if he wanted to play football on Saturday with me and my friends. He said yes.

We hung out all weekend, and the more I got to know Kyle, the more I liked him. And my friends thought the same of him. Monday morning came, and there was Kyle with the huge stack of books again. I stopped him and said, "Boy, you are gonna really build some serious muscles with this pile of books every day!" He just laughed and handed me half the books.

Over the next four years, Kyle and I became best friends. When we were seniors, we began to think about college. Kyle decided on Georgetown, and I was going to Duke. I knew that we would always be friends, that the miles would never be a problem. He was going to be a doctor, and I was going for business on a football scholarship.

Kyle was valedictorian of our class. I teased him all the time about being a nerd. He had to prepare a speech for graduation. I was so glad it wasn't me having to get up there and speak.

On graduation day, I saw Kyle. He looked great. He was one of those guys that really found himself during high school. He filled out and actually looked good in glasses. He had more dates than me and all the girls loved him! Boy, sometimes I was jealous. Today was one of those days. I could see that he was nervous about his speech, so I smacked him on the back and said, "Hey, big guy, you'll be great!" He looked at me with one of those looks (the really grateful one) and smile. "Thanks," he said.

As he started his speech, he cleared his throat, and began. "Graduation is a time to thank those who helped you make it through those tough years. Your parents, your teachers, your siblings, maybe a coach—but most your friends. I am here to tell all of you that being a friend to someone is the best gift you can give them. I am going to tell you a story." I just looked at my friend in disbelief as he told the story of the first day we met. He had planned to kill himself over the weekend. He talked of how he had cleaned out his locker so his Mom wouldn't have to do it later and was carrying his stuff home. He looked hard at me and gave me a little smile. "Thankfully, I was saved. My friend saved me from doing the unspeakable."

I heard the gasp go through the crowd as this handsome, popular boy told us all about his weakest moment. I saw his Mom and Dad looking at me and smiling that same grateful smile. Not until that moment did I realize its depth.

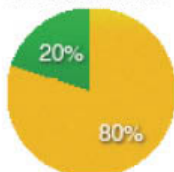
Never underestimate the power of your actions. With one small gesture, you can change a person's life.



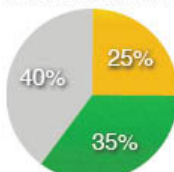
**CASH SALES & HEDGING TOTALS**

**CORN 2016 CROP**

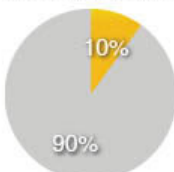
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20% HEDGED  
0% UNPROTECTED

**CORN 2017 CROP**

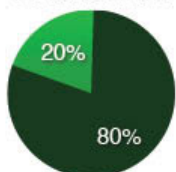
25% SOLD  
35% HEDGED  
40% UNPROTECTED

**CORN 2018 CROP**

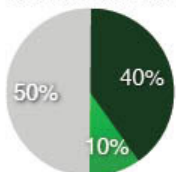
10% SOLD  
0% HEDGED  
90% UNPROTECTED

**SOYBEANS 2016 CROP**

80% SOLD  
20% HEDGED  
0% UNPROTECTED

**SOYBEANS 2017 CROP**

40% SOLD  
10% HEDGED  
50% UNPROTECTED

**SOYBEANS 2018 CROP**

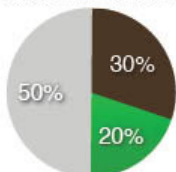
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100% UNPROTECTED

**WHEAT 2016 CROP**

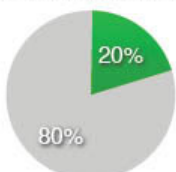
100% SOLD  
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0% UNPROTECTED

**WHEAT 2017 CROP**

30% SOLD  
20% HEDGED  
50% UNPROTECTED

**WHEAT 2018 CROP**

0% SOLD  
20% HEDGED  
80% UNPROTECTED



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